

## **BUDGET, FINANCE & INVESTMENT COMMITTEE**

**January 5, 2012**

**5:30 P.M.**

**Courthouse**

### MINUTES:

#### Members Present:

Comm. Charlie Baum  
Comm. Joe Frank Jernigan  
Comm. Will Jordan  
Comm. Steve Sandlin  
Comm. Doug Shafer  
Comm. Joyce Ealy, Chrm.

#### Others Present:

Ernest Burgess  
Lisa Nolen  
Melissa Stinson  
Bernard Salandy  
Michael Gregory  
Sheriff Robert Arnold  
Joe Russell

#### Others Present:

Leslie Thomas Goff  
Randy Garrett  
Jacoby O'Gwynn  
Billy Ferguson  
Jim Ferguson, Sr.  
Jacob Briggs  
Elaine Short

Chairman Ealy presided and called the meeting to order at 5:30 P.M. with Comm. Peay being absent.

#### APPROVE MINUTES:

The minutes of the December 8, 2011 Budget Committee meeting were presented for approval.

Comm. Jordan moved, seconded by Comm. Sandlin to approve the minutes as presented.

The motion passed unanimously by acclamation.

#### INVESTMENT REPORT:

Chairman Ealy presented the monthly Investment Report advising that there were no investment bids during the month. The LGIP interest rate for the month was .12%.

Comm. Jernigan moved, seconded by Comm. Sandlin to approve the monthly Investment Report as presented.

The motion passed unanimously by acclamation.

#### FUND CONDITION REPORT:

Finance Director Lisa Nolen presented the monthly Fund Condition Report for the month ending December 31, 2011 advising that the Development Tax collections for the month totaled \$60,750 with the year-to-date collections being \$413,250. This compared to the same period last year when the December Development Tax collections were \$36,750, and the year-to-date collections were \$433,500.

The committee reviewed the fund cash balances, which totaled \$163,381,898 with operating funds being \$145,806,826 and borrowed funds being \$17,575,072. This compared to December of last year when the total cash balances were \$161,006,641 with operating funds being \$157,671,553 and borrowed funds being \$3,335,088. Mrs. Nolen reminded the committee that \$2 million had been transferred from the General Fund to the General Capital Projects Fund for capital projects, and that \$15 million had been borrowed from the Debt Service Fund to fund school capital projects.

The Finance Director reviewed the revenue collections advising that at this point in the year, the revenue collections were in good shape. She reported that this was indication that the budgeted revenues were estimated appropriately.

Following review, Comm. Jernigan moved, seconded by Comm. Baum to approve the Fund Condition Report as presented.

The motion passed unanimously by acclamation.

The Finance Director advised that both of the rating calls on the new borrowing had taken place. She advise that the county's bond rating remained the same with the bond rating from Moody's being AA1 and a AA+ from Standard and Poor's. She advised that the bond sale was scheduled for January 18.

Mayor Burgess advised that the rating agencies commented that conditions that would make the rating go down would be a decrease in the General Fund balance, a deterioration of overall financial position, a significant increase in the debt burden, or deterioration in the tax base. He stated that the General Fund balance should not be reduced much further with respect to the bond rating. He stated it was good that it had been reduced, but he advised that it should not be reduced much further than what has already been done.

#### RISK MANAGEMENT FINANCIAL REPORT:

Mrs. Melissa Stinson Risk Management Director presented the monthly financial report for the use and information of the committee.

Regarding the self-funded medical, dental and vision program, the cost per employee per month for the month of December was \$741.06 compared to \$827.55 for December of the prior year. When the on-site clinic costs were included, the cost per employee per month was \$769.86 compared to \$856.93 for the prior year. The year-to-date average cost per employee per month was \$744.47, which reflected a 15% trend.

Regarding the work injury program, the year-to-date claims paid totaled \$358,269.43 compared to \$469,956.79 for the prior year. She advised that the month of December reflected a spike in workers' compensation claims, which was typical for the month of December. She advised that there were 19 open workers' compensation claims, and there were two settlements in the month of December which constituted 60% of the payments made in December.

Following review, Comm. Sandlin moved, seconded by Comm. Jordan to approve the Risk Management Financial Report as presented.

The motion passed unanimously by acclamation.

#### **GENERAL FUND BUDGET AMENDMENTS**

##### RISK MANAGEMENT:

Mrs. Stinson requested approval of the following budget transfer to provide funding to pay the longevity pay and benefits for an employee with experience who transferred into the department from another department:

From: 101-51920-502 – Building & Contents Insurance -	\$365
To: 101-51920-186 – Longevity Pay -	\$300
101-51920-201 – Social Security -	20
101-51920-204 – State Retirement -	40
101-51920-212 – Employer Medicare -	5

Comm. Sandlin moved, seconded by Comm. Baum to approve the budget transfer for the Risk Management Department as requested transferring \$365 from Account 101-51920-502, Building and Contents Insurance, with \$300 to Account 101-51920-186, Longevity Pay; \$20 to Account 101-51920-201, Social Security, \$40 to Account 101-51920-204, State Retirement; and \$5 to Account 101-51920-212, Employer Medicare.

The motion passed unanimously by roll call vote with Comm. Peay being absent.

CORRECTIONAL WORK CENTER:

The Finance Director requested approval of the following budget amendment for the Correctional Work Center to recognize grant proceeds received from The Community Foundation of Middle Tennessee in the amount of \$2,000 and to appropriate the revenue to purchase materials to build dog houses:

Increase Revenue:	101-48990 – Other -	\$2,000
Increase Expend.:	101-54220-499 – Other Supplies & Materials -	\$2,000

Comm. Shafer moved, seconded by Comm. Jernigan to approve the budget amendment for the Correctional Work Center as requested increasing Revenue Account 101-48990, Other, by \$2,000 and increasing Expenditure Account 101-54220-499, Other Supplies and Materials, by \$2,000.

The motion passed unanimously by roll call vote.

PET ADOPTION & WELFARE SERVICES:

Mr. Michael Gregory, PAWS Director, requested approval of the following budget transfer and amendment to provide additional funding for the Overtime Pay and the Part Time Personnel Account with the source of funding to be from Longevity Pay, Supervisor, and Attendants due to vacancies; and to recognize \$4,000 received from donations and to appropriate the donations for Veterinary Services and Drugs and Medical Supplies until the surgical area is finished:

From:	101-55120-186 – Longevity Pay -	\$ 975
	101-55120-105 – Supervisor -	15,000
	101-55120-164 – Attendants -	10,000
To:	101-55120-187 – Overtime Pay -	\$ 6,000
	101-55120-169 – Part Time Personnel -	19,975
Increase Revenue:	101-44570 – Contributions/Gifts -	\$ 4,000
Increase Expend.:	101-55120-357 – Veterinary Services -	\$ 2,500
	101-55120-413 – Drugs & Medical Supplies -	1,500

Comm. Sandlin moved, seconded by Comm. Shafer to approve the budget transfer and amendment for the Pet Adoption & Welfare Services as requested transferring \$975 from Account 101-55120-186, Longevity Pay, \$15,000 from Account 101-55120-105, Supervisor, and \$10,000 from Account 101-55120-164, Attendants, with \$6,000 to Account 101-55120-187, Overtime Pay, and \$19,975 to Account 101-55120-169, Part Time Personnel; increasing Revenue Account 101-44570, Contributions and Gifts, by \$4,000, and increasing Expenditure Accounts 101-55120-357, Veterinary Services, by \$2,500; and 101-55120-413, Drugs and Medical Supplies, by \$1,500.

The motion passed unanimously by roll call vote.

SHERIFF'S DEPARTMENT & JAIL:

Sheriff Robert Arnold and Chief Joe Russell were present to request approval of the following budget amendments and transfers to transfer funds within the budget for radar units under the contract with TDOT; to transfer funds within the budget to cover uniform expenses for the remainder of the fiscal year; to transfer funds within the budget for maintenance and repairs to the building; and to transfer funds from the Jail Longevity Pay Account to the Sheriff's Department Longevity Pay Account to cover a shortage in the Sheriff's Department due to the transfer of some employees from one budget to another and changes in employees:

From: 101-54110-709 – Data Processing Equipment -	\$10,480
To: 101-54110-718 – Motor Vehicles -	\$10,480
From: 101-54110-708 – Communications Equipment -	\$ 5,000
101-54110-716 – Law Enforcement Equipment -	10,000
101-54210-399 – Jail/Other Contracted Services -	10,000
To: 101-54110-451 – Uniforms -	\$ 25,000
From: 101-54210-710 – Jail/Food Service Equipment -	\$ 20,000
To: 101-54210-335 – Jail/Maint./Repair Building -	\$ 20,000
From: 101-54210-186 – Jail/Longevity Pay -	\$ 425
To: 101-54110-186 – Sheriff's Dept./Longevity Pay -	\$ 425

Following discussion, Comm. Jernigan moved, seconded by Comm. Sandlin to approve the budget amendments and transfers for the Sheriff's Department and Jail as requested transferring \$10,480 from Account 101-54110-709, Sheriff's Department Data Processing Equipment, to Account 101-54110-718, Sheriff's Department Motor Vehicles; transferring \$5,000 from Account 101-54110-708, Sheriff's Department Communications Equipment, \$10,000 from Account 101-54110-716, Sheriff's Department Law Enforcement Equipment, and \$10,000 from Account 101-54210-399, Jail Other Contracted Services, with a total of \$25,000 to Account 101-54110-451, Sheriff's Department Uniforms; transferring \$20,000 from Account 101-54210-710, Jail Food Service Equipment, to Account 101-54210-335, Jail Maintenance and Repair Building; amending \$425 from Account 101-54210-186, Jail Longevity Pay, to Account 101-54110-186, Sheriff's Department Longevity Pay.

The motion passed unanimously by roll call vote.

Chairman Ealy advised that the next amendment would provide funding for the payment of security detail at school events.

The Finance Director advised that previously when Sheriff's Department officers provided security at school ballgames and other school events, the individual schools paid the officers directly. She explained that the Department of Labor looked at employees who worked for the County General Government, School Board, Highway and E-911 as all working for one employer that being Rutherford County. She explained that it did not matter that the officers were being paid by the individual schools the Department of Labor looked at that as one employer, and the county should ensure that the person was being paid and compensated correctly. Therefore, if the security work caused the employee to work more than 40 hours in a week, they should be compensated for the overtime pay at time and one-half. Under the current process, there was no way to defend that. She advised that before the football season began, the sheriff advised her that the employees needed to be paid correctly. She advised that a meeting had occurred with the Director of Schools and Mr. Sandvig as to the best way to manage the situation. She advised that a process had been developed whereby the officers and SRO's will work with the principals, and a report will be sent to the Board of Education and to the County Finance Department as to who worked the event. The Finance Department will account for the time worked correctly through the payroll system and charged to the Sheriff's Department. The Finance Department will bill the Board of Education for the security worked. The Board of Education will in turn bill the individual schools.

The Finance Director requested approval of the following budget amendment to recognize funds billed to the Board of Education for the Sheriff to provide security at school events through the end of December. The Sheriff's deputies are paid their overtime rate when working these events. The amendment also includes money received from the Board of Education for a salary supplement to one Sheriff employee for coaching services:

Increase Revenue: 101-43541 – Contract for Administrative Services - \$76,715

Increase Expend.:

Sheriff's Dept.:	101-54110-140 – Salary Supplements -	\$ 500
	101-54110-187 – Overtime Pay -	62,825
	101-54110-201 – Social Security -	3,930
	101-54110-204 – State Retirement -	8,005
	101-54110-212 – Employer Medicare -	911

Sex Offender Reg.:	101-54160-187 – Overtime Pay -	\$ 119
	101-54160-201 – Social Security -	7
	101-54160-204 – State Retirement -	15
	101-54160-212 – Employer Medicare -	2

Jail:	101-54210-187 – Overtime Pay -	\$ 333
	101-54210-201 – Social Security -	21
	101-54210-204 – State Retirement -	42
	101-54210-212 – Employer Medicare -	5

Comm. Jordan asked if the individual schools would be paying the full cost including the benefits.

The Finance Director advised that the School Board was being billed the full cost. She explained that she did not believe the individual schools were prepared to pay the full cost. She stated that she believed that the School Board would be billing the individual schools a flat rate cost, and the Board of Education would be making up the difference. She stated that there had been discussions if the total costs should go to the individual schools and be paid from the gate receipts.

Mayor Burgess stated that the gate prices might have to be increased, but they did not want to do that at this point.

Comm. Sandlin stated that he thought that the SRO's were accumulating that time to use for their time off in the summer.

Sheriff Arnold advised that the officers usually arrived at the games 30 minutes before the games started to get their security plans worked out. He stated if the school made money from the events such as football games, baseball games, etc., the school had been paying the officer \$100 at the end of the night. Sheriff Arnold explained that the SRO's only accumulated 400 hours from the beginning of the school year to the end of the school year. He stated that some students get to school very early in the morning and stay until late at night. He advised that if there was a school play, and the school wanted an SRO there, the SRO did receive comp. time for that. He stated that they had to balance out their time, because otherwise the SRO's would accumulate all of the comp. time allowed by Christmas.

The Finance Director advised that the School Board had a process of accumulating payments made by all of the schools, and the officers were receiving 1099's to file with their income tax, so that was being reported.

Following discussion, Comm. Jernigan moved, seconded by Comm. Sandlin to approve the budget amendment to recognize revenue to be received from the Board of Education for the Sheriff's Department to provide security at school events increasing Revenue Account 101-43541, Contract for Administrative Services/LEA's, by \$76,715; and increasing Expenditure Accounts for the Sheriff's Department 101-54110-140, Salary Supplements, by \$500; 101-54110-187, Overtime Pay, by \$62,825; 101-54110-201, Social Security, by \$3,930; 101-54110-204, State Retirement, by \$8,005; 101-54110-212, Employer Medicare, by \$911; for the Sex Offender Registry, and increase to Expenditure Accounts 101-54160-187, Overtime Pay, by \$119; 101-54160-201, Social Security, by \$7; 101-54160-204, State Retirement, by \$15; 101-54160-212, Employer Medicare, by \$2; for the Jail increasing Expenditure Accounts 101-54210-

187, Overtime Pay, by \$333; 101-54210-201, Social Security, by \$21; 101-54210-204, State Retirement, by \$42; 101-54210-212, Employer Medicare, by \$5.

The motion passed unanimously by roll call vote.

The Finance Director advised that the Overtime Pay Account in the Jail budget would be overspent as of the next payroll dated January 6, 2012 by \$10,621. She requested approval of the following budget amendment to amend funds from the Sheriff's Department budgeted overtime to the Jail Overtime Pay:

From Sheriff's Dept.:	101-54110-187 – Overtime Pay -	\$17,000
	101-54110-201 – Social Security -	1,055
	101-54110-204 – State Retirement -	2,150
	101-54110-212 – Employer Medicare -	250
To Jail:	101-54210-187 – Overtime Pay -	\$17,000
	101-54210-201 – Social Security -	1,055
	101-54210-204 – State Retirement -	2,150
	101-54210-212 – Employer Medicare -	250

The Finance Director advised that this should be enough funding to get through the month of January and give the Sheriff's Department time to develop a plan for paying the overtime for the remainder of the fiscal year.

Comm. Jordan moved, seconded by Comm. Jernigan to approve the budget amendment to provide additional funding for the Jail Overtime Pay and benefits to be provided from the Sheriff's Department Overtime Pay and benefits amending \$17,000 from Account 101-54110-187, Sheriff's Department Overtime Pay; \$1,055 from Account 101-54110-201, Sheriff's Department Social Security; \$2,150 from Account 101-54110-204, State Retirement; and \$250 from Account 101-54110-212, Employer Medicare; with \$17,000 to Account 101-54210-187, Jail Overtime Pay; \$1,055 to Account 101-54210-201, Jail Social Security; \$2,150 to Account 101-54210-204, Jail State Retirement; and \$250 to Account 101-54210-212, Jail Employer Medicare.

The motion passed unanimously by roll call vote.

Comm. Sandlin asked for an explanation.

Mr. Russell advised that comp. time buy backs accounted for over half of the overtime expense. He also advised that staffing issues in the jail accounted for a portion of the expense in trying to keep up with what the state was telling them should be done.

#### DEA SPECIAL PURPOSE FUND BUDGET AMENDMENTS:

Mr. Russell requested approval of the following budget amendment to provide funding to purchase a F.A.S.T van, and evidence van, and a truck:

From:	121-34525 – Restricted for Public Safety -	\$98,000
To:	121-54110-718 – Motor Vehicles -	\$98,000

Comm. Shafer moved, seconded by Comm. Jernigan to approve the budget amendment from the DEA Special Purpose Fund as requested amending \$98,000 from Account 121-34525, Restricted for Public Safety, to Account 121-54110-718, Motor Vehicles.

The motion passed unanimously by roll call vote.

The Finance Director requested approval of the following budget transfer to correct the budget amendment approved by the Budget Committee on December 8 and by the County Commission on December 15:

From: 121-54110-399 – Other Contracted Services -	\$24,000
To: 121-54110-319 – Confidential Drug Enforcement -	\$24,000

Comm. Jordan moved, seconded by Comm. Jernigan to approve the budget transfer to correct the budget amendment approved in December transferring \$24,000 from Account 121-54110-399, Other Contracted Services, to Account 121-54110-319, Confidential Drug Enforcement.

The motion passed unanimously by roll call vote.

Mr. Russell requested approval of the following budget amendment recognizing Federal deposits to the DEA Special Purpose Fund totaling \$86,438 and appropriating the revenue for In-Service Training, Confidential Drug Enforcement, Law Enforcement Supplies, Data Processing Equipment, and Other Equipment:

Increase Revenue:	121-47700 – Asset Forfeiture Funds -	\$86,438
Increase Expend.:	121-54110-196 – In-Service Training -	\$ 30,000
	121-54110-319 – Confidential Drug Enforcement -	12,438
	121-54110-431 – Law Enforcement Supplies -	5,000
	121-54110-709 – Data Processing Equipment -	24,000
	121-54110-790 – Other Equipment -	15,000

Comm. Sandlin moved, seconded by Comm. Jernigan to approve the budget amendment for the DEA Special Purpose Fund as requested increasing Revenue Account 121-47700, Asset Forfeiture Funds by \$86,438; and increasing Expenditure Accounts 121-54110-196, In-Service Training, by \$30,000; 121-54110-319, Confidential Drug Enforcement by \$12,438; Account 121-54110-431, Law Enforcement Supplies by \$5,000; 121-54110-709, Data Processing Equipment by \$24,000; and 121-54110-790, Other Equipment by \$15,000.

The motion passed unanimously by roll call vote.

#### DRUG CONTROL FUND:

The Finance Director requested approval of the following budget amendment for the Drug Control Fund to recognize revenue to be received from the Board of Education for the officers who are assigned to the Drug Fund to provide security at school events:

Increase Revenue:	122-43541 – Contract for Administrative Services/LEA's -	\$537
Increase Expend.:	122-54150-187 – Overtime Pay -	\$446
	122-54150-201 – Social Security -	28
	122-54150-204 – State Retirement -	56
	122-54150-212 – Employer Medicare -	7

Comm. Shafer moved, seconded by Comm. Sandlin to approve the budget amendment for the Drug Control Fund as requested increasing Revenue Account 122-43541, Contract for Administrative Services/LEA's by \$537; and increasing Expenditure Accounts 122-54150-187, Overtime Pay, by \$446; 122-54150-201, Social Security, by \$28; 122-54150-204, State Retirement by \$56; and 122-54150-212, Employer Medicare by \$7.

The motion passed unanimously by roll call vote.

#### APPROVE LEASE AGREEMENT WITH DEX IMAGING FOR POSTAGE METERS:

The Finance Director advised that currently the county had two postage meters with one being in the Courthouse and one located in the County Office Building at 319 North Maple Street. She advised that the current equipment was purchased approximately 12 years ago. She advised that on the existing equipment an annual maintenance agreement was paid, which increased approximately 12% annually. There is also an annual meter rental, which increases

approximately 5% annually. Whenever there is a rate change, two chips per machine must be purchased at a cost of \$560 per machine. She advised that there was going to be a rate change in January, 2012.

Mrs. Nolen advised that DEX Imaging has proposed a lease agreement to provide two new Neopost IS-460 postage meters as opposed to maintaining the old equipment. She advised that by law the county could not own the meter.

The Finance Director advised that the proposed equipment was on the State of Tennessee bid. The proposed quote was based on the State of Tennessee pricing or 40% off MSRP. All postage on the current equipment can be seamlessly transferred to the new Neopost machine. The new equipment will provide more capabilities with the rate changes being made over the internet so that chips will no longer have to be purchased. The equipment will provide the accounting data by department in Excel format and will not have to be manually manipulated.

The Finance Director provided an analysis of the current maintenance agreement and meter rental reflecting a cost of \$14,509 over the next five years, which did not include the cost of \$560 for each machine for the chips due to rate increases.

Financial options were provided for the new postage meters. Option 1 reflected the cost to lease the new equipment at \$3,480 annually or a total of \$17,400 over five years. The purchase price for the equipment was \$9,154 plus annual maintenance agreements and the rental of the meter for a total of \$19,439 over a five-year period. An analysis was also provided reflecting the cost if the machines were maintained for 10 years, which showed a lease cost of \$34,800 compared to \$36,202 to purchase the machines. It was noted that the maintenance agreement and the meter rental increased in cost every year.

Option 2 provided E-Services, which saves \$1.20 per certified letter and provides a custom website with tracking for mail. Mrs. Nolen advised that the Finance Department did not use certified mail, but the courts do mail a substantial amount by certified mail, and this would allow a significant savings for them. The lease cost for Option 2 was \$3,480 annually or \$18,900 over a five year period compared to \$19,892 to purchase the machine including the maintenance agreement and the meter rental. It was noted that the lease payment for Option 2 was only \$300 more annually than Option 1 but the savings on the certified mail would more than make up the difference.

Following discussion, Comm. Jernigan moved, seconded by Comm. Jordan to authorize the County Mayor to execute a Lease Agreement with DEX Imaging and forward the same to the County Commission to lease two Neopost IS-460 postage meters utilizing Option 2 at a cost of \$315 monthly for 63 months per machine or \$3,780 annually per machine.

The motion passed unanimously by roll call vote.

#### ADJOURNMENT:

Comm. Sandlin advised that the Steering Committee was meeting with the local state legislative delegation on Monday, January 9, 2012 at 5:30 P.M. at the School Board Central Office. He stated that if any commissioners had any concerns or questions he would encourage them to be there.

There being no further business to be presented at this time, Chairman Ealy declared the meeting adjourned at 6:17 P.M.

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Elaine Short, Secretary